

Message Text

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ACTION AF-18

INFO OCT-01 ISO-00 AID-20 CIAE-00 COME-00 EB-11 FRB-02

INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12 SP-03

CIEP-02 LAB-06 SIL-01 OMB-01 NEA-14 DRC-01 INT-08

NSC-07 SS-20 STR-08 CEA-02 GSA-02 /157 W

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P R 171635Z MAY 74

FM AMEMBASSY KINSHASA

TO SECSTATE WASHDC PRIORITY 7794

INFO AMCONSUL LUBUMBASHI UNN

LIMITED OFFICIAL USE KINSHASA 4315

PASS US EXECUTIVE DIRECTOR WORLD BANK, KOBELINSKI OF
EXIMPORT BANK AND COMMERCE'S MEPD

E.O. 11652: N/A

TAGS: EMIN, EIND, CG

SUBJECT: GECAMINES EXPANSION PROGRAM

REFERENCES: LUBUMBASHI 234; KINSHASA 4100

1. SERGE GUETTA, IBRD'S RESIDENT REPRESENTATIVE,
DEPARTED KINSHASA MAY 16 FOR WASHINGTON FOR TWO
WEEKS.

2. ACCORDING TO A RELIABLE SOURCE, GUETTA WILL FOCUS
PRIMARILY ON PUSHING THROUGH THE WORLD BANK LOAN TO
FINANCE THE ENTIRE GECAMINES EXPANSION PROGRAM.
SOURCE WAS RELUCTANT TO REVEAL LOAN DETAILS BUT ASSERTED
THAT THEY HAVE BEEN OR SOON WILL BE MADE KNOWN TO THE
WORLD BANK'S EXECUTIVE DIRECTORS AND THAT THE PROPOSED
LOAN IS A HIGHLY POLITICAL MATTER. SOURCE SAID THAT
WITH DRYING UP OF IDA FUNDS, WORLD BANK IS BEING FORCED
TO PROVIDE 10 TO 20 YEAR LOAN AT 7 3/4 P.A. INTEREST

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FOR EXPANSION COPPER OUTPUT IN ZAIRE. (GUETTA TOLD CHARGE HE

HAD CONVINCED PRESIDENT MCNAMARA ZAIRE WOULD BE ELIGIBLE FOR
IBRD IN LIEU OF IDA FUNDS.)

3. WHEN QUERIED ON ABILITY OF WORLD BANK TO MOVE MORE
RAPIDLY ON SUCH A LARGE PROJECT THAN IT CUSTOMARILY HAS
IN THE PAST, THE SOURCE CONFIRMED THE NEED TO CUT
CORNERS ON PREQUALIFYING PROCEDURES SO AS TO SPEED
TERMINATION OF CONSTRUCTION BY EARLY 1977. SOURCE,
HOWEVER, ADMITTED THAT WORLD BANK COULD NOT ACT SO
EXPEDITIOUSLY AS ONE PRIVATE FIRM OR CONSORTIUM OF
COMPANIES UNDER ONE HEAD COULD IN EXECUTING PLANS,
AND THAT UNDER MOST PROPITIOUS CIRCUMSTANCES COMPLETION
UNDER WORLD BANK FINANCING COULD TAKE AT LEAST ONE
TO POSSIBLY TWO YEARS LONGER.

4. SOURCE AGREED THAT DELAY IN PROJECT COMPLETION
BEYOND EARLY 1977 COULD BE COSTLY TO THE GOZ AND
GECAMINES IN TERMS OF POTENTIAL LOSS OF NATIONAL
BUDGETARY REVENUES AND FOREIGN EXCHANGE RECEIPTS SINCE
GECAMINES EXPANSION ENVISAGES INCREASED PRODUCTION OF
100,000 M.T. P.A. ABOVE PRESENT LEVEL OF 460,000 M.T.
A DELAY OF ONE YEAR IN PROJECT IMPLEMENTATION AT
CURRENT COPPER EXPORT MARKET PRICES COULD RESULT IN
POTENTIAL LOSS OF \$220 MILLION. THIS WOULD MORE THAN
OFFSET ANY BENEFITS DERIVING FROM MORE FAVORABLE WORLD
BANK LOAN TERMS OVER OTHER FINANCING WHICH MIGHT BE
AVAILABLE.

5. WHEN ADVISED THAT GENERAL MANAGER UMBA'S PRIMARY
PRIORITY CONCERN WAS ERECTION SOONEST EXPANDED PRO-
DUCTION FACILITIES WITH COST FACTOR SECONDARY, SOURCE
STATED UMBA WAS OVERRULED BY HIGHER POLITICAL AUTHORITY
IN KINSHASA AND INSTRUCTED TO GO ALONG WITH WORLD BANK
PROPOSAL. GUETTA, JUST PRIOR TO HIS DEPARTURE FOR WASHINGTON,
WAS RECEIVED BY PRESIDENT MOBUTU.
NEWLIN

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